Report on IFAD’s Development Effectiveness

2023

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Key messages from RIDE 2023

In 2022, IFAD delivered strong results at country level

Leveraging its business model and recent reforms, the Fund applied an adaptive management approach to mitigate lingering effects of COVID-19 on portfolio performance.

Areas of positive performance

- High quality of design and focus on mainstreaming themes
- Performance at completion on climate change adaptation & ENRM
- Performance at completion in fragile contexts
- Private sector engagement
- Proactivity in portfolio management

Areas of weaker performance (with corrective action in course)

- Outreach, outcomes and outputs at portfolio level
- Implementation progress of ongoing portfolio
- Country level policy engagement and KM
- Institutional efficiency
Project-level development outcomes at completion

**Drivers of positive performance:**
- Investment in technical assistance, implementation support, evaluation of PMU staff
- **Countries in fragile situations:** Robust risk assessments at design, increased flexibility, close involvement of governments and partnerships

**Corrective action in course:**
- **Sustainability** Action Plan + updated operational framework for scaling
- **Efficiency** Action plan, new *Procurement* Manual and OPEN system, and 2023 financial management reforms
- **GEWE:**
  - Applying gender-transformative approaches across projects
  - Leveraging additional funding to increase technical assistance for new designs and early-stage projects
  - Improving GEWE measurement (evaluation upcoming)
Outreach, outcome and outputs

78.6 million beneficiaries reached until 2022, below the target of 127 million by 2024

- Key indicators on market access (strategic objective 2) and resilience (strategic objective 3) meeting targets, but other indicators below targets
- Production mostly below targets (strategic objective 1)
- Projects still have to reach maturity and benefit a broader number of beneficiaries, which will in part materialize after the closing of IFAD12

Way forward

- Balancing value chain interventions with rural finance approach to deliver both high outreach and impact
- Shift from target setting to output/outcome tracking for IFAD13, given demand-driven IFAD PoLG
Outreach changes explained: RIDE 2021 vs RIDE 2022

- RIDE 2021: 128.5 million beneficiaries, 206 projects
- RIDE 2022: 91.2 million beneficiaries, 197 projects

Outreach changes explained: RIDE 2022 vs RIDE 2023

- RIDE 2022: 91.2 million beneficiaries, 197 projects
- RIDE 2023: 78.6 million beneficiaries, 158 projects
Transformational country programmes

1. High design quality: all targets met
   - Portfolio management: on track
     - 16.8 disbursement ratio (above 15% target)
     - 80% proactivity (above 70% target)

2. Portfolio management: on track
   - 80% implementation progress (below 85% target)

3. Mainstreaming themes: on track
   - 53% projects are gender transformative (above 35% target)
   - All commitments on social inclusion at design met or on track
   - 69% projects build adaptive capacity (below 90% target)
   - 30% PoLG is climate finance (below 40% target)

4. CLPE, KM: weaker, corrective action in course
   - Expected in post-COVID-19 scenario
   - IFAD intensified supervision support, and restructured or cancelled projects
   - Refreshed KM strategy and action plan
   - 100% IFAD COSOPs include opportunities for SSTC
   - Strengthened guidance on CLPE
   - Increased leverage on decentralization
Co-financing performed above targets…

International Cofinancing
Confirms partners’ confidence in IFAD as a leader in rural development

Domestic Cofinancing
Mainly, financial institutions and the private sector

Cofinancing ratios (2020-2022)

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<tr>
<th></th>
<th>Total</th>
<th>Domestic</th>
<th>International</th>
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<tr>
<td></td>
<td>1.63</td>
<td>0.88</td>
<td>0.75</td>
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IFAD12 target

…yet, facing shrinking government fiscal spaces, rises in food prices and the global crisis

Non-sovereign operations had a high resource leverage effect

6 NSOs financed under IFAD’s Private Sector Financing Program

Leverage effect of 6.5 (target of 5)

US$25.5 million IFAD financing expected to mobilize additional US$140.7 million

403,000 direct beneficiaries

Way forward

Private sector engagement is an IFAD13 priority area, to bolster enhanced rural livelihoods
Transformational institutional change

Decentralization is key to deliver tailored solutions, implementation support, and greater country-level policy engagement.

86% ICO workforce considers IFAD staff and field offices adequately empowered, above 80% target.

2023 CLE recommended improving: office structures, cost tracking, allocation of resources to country programs, HR, and EB oversight.

As of March 2023…

43.6% positions decentralized
on track with 45% target by end 2024

43 ICOs operational
with 47-50 ICOs operational by end 2024

Way forward

D2.0 recalibration plan to fine-tune decentralization ongoing

- Defer the opening of ICOs in HICA areas
- Upgrading the Cambodia and Tanzania ICOs CD-led
- Better onboarding & new reassignment timeline
- Review of the APR and LAC regional offices
- Ongoing assessments of HQ’s role in a decentralized organization

...saving US$1.8 million in recurrent costs

Additional highlights on institutional performance

- 44% women in leadership position (above 40% target)
- Action plan to bring vacancy rate down from 16% (2022) to 12% (2023)
- 2020-2022 efficiency ratios partially off target but on track to improve with PPTP
The way forward

1. Implement **D2.0 recalibration plan**

2. Work with borrowers on new project design to shape interventions that deliver both **high outreach and impact**

3. Ensure that all projects are linked to country level policy objectives

4. Increasingly adopt programmatic approaches to enhance **efficiency and sustainability** of benefits.

5. Intensify technical support on **mainstreaming themes** at design and during implementation

6. Enhance **portfolio management** by consolidating portfolios and reducing the number of operations

7. Implement 2023-2025 **knowledge action plan**